



Director of
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Intelligence

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25X1

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25X1

Contents

Portugal: *Resignation of Prime Minister* 1



25X1

Costa Rica - Nicaragua: *Deteriorating Relations* 3

Western Europe - Turkey: *Human Rights Deliberations* 4



25X6

OPEC: *No Agreement on Quotas* 6



25X1

Poland: *Food Supplies* 7

Special Analyses

USSR: *Andropov's Authority* 8

China-Africa: *Premier Zhao's Tour* 12



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25X1

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25X1

PORTUGAL: Resignation of Prime Minister

//The successor to former Prime Minister Balsemao, who resigned on Saturday, is likely to continue his policies, but the leadership change increases the likelihood of national elections by spring.//

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//His successor will be nominated in the next few days by the leadership of his Social Democratic Party--the largest member of the Democratic Alliance coalition government.//

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Comment: *//Although Balsemao had come under increasing fire within his own party, the major factor in his resignation was dissatisfaction by his coalition partner, the conservative Social Democratic Center Party. The Center Democrats frequently accused him of weakness in dealing with the economy and with President Eanes. They also believe their gains at the expense of the Social Democrats in local government elections on 12 December entitle them to a larger role in the coalition.//*

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//The coalition partners probably will agree on a new cabinet, and Eanes probably will accept their choice. Conflict within the coalition nonetheless is likely to grow, fueled in particular by debate in January over the budget.//

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//Center Democratic leader Freitas do Amaral has said that he favors the party running separately in the next election. His party's increased assertiveness is likely to strengthen the hand of the Social Democrats' left wing, which wants to dissolve the coalition in favor of a pact with the increasingly strong Socialist Party. The political realignment could take place at the Social Democratic Party congress expected in March and would probably lead to parliamentary elections and a center-left government in the spring.//

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//Replacement of the Balsemao cabinet may lead Lisbon to request extension of the deadline of 4 February for renegotiating with the US the bilateral agreement governing use of the Azores. Continued political maneuvering could increase the military's role in the negotiations. Although the Portuguese will continue to press hard for greater aid, the three main democratic parties and the military concur on the importance of the agreement, and no major changes in Portuguese positions are likely.//

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COSTA RICA - NICARAGUA: Deteriorating Relations

The Costa Rican Government has reacted strongly to recent Nicaraguan statements and has canceled plans for high-level visits to Nicaragua. [redacted]

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The Costa Ricans are particularly upset about a Nicaraguan junta communique accusing President Monge of an "extreme degree of submission" to US policies and alleging that Costa Rican territory is being used to destabilize Nicaragua. Responding to an earlier Nicaraguan allegation that an attack by anti-Sandinista insurgents on a border town early this month had been launched from Costa Rican territory, the Costa Rican security forces say they have uncovered no evidence that the attack originated in Costa Rica. [redacted]

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Members of Monge's cabinet who previously favored a more conciliatory policy toward Nicaragua have joined in verbal attacks on the Sandinistas. One of the cabinet ministers says he now sees no possibility for a high-level meeting with the Sandinistas later this month, and he has implied a possible break in relations. [redacted]

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Comment: The Nicaraguan communique has produced an almost unprecedented rallying of government support for Monge's hardline policy against the Sandinistas. A break in relations is not likely at this point, but Monge may attempt to reduce the size of the large Nicaraguan diplomatic mission in San Jose. [redacted]

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Allegations of a raid from Costa Rica may have been a Sandinista propaganda ploy to attract attention during President Reagan's trip to the area. Anti-Sandinista exiles continue to organize in Costa Rica, but there have been no confirmed instances of cross-border attacks in recent months. [redacted]

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WESTERN EUROPE - TURKEY: Human Rights Deliberations

The Political Committee of the Council of Europe's Parliamentary Assembly today will begin considering the question of democracy and human rights in Turkey. []

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A key member of the Committee believes an eventual vote to expel Ankara from the Council at the Assembly's session late next month is "virtually unavoidable" in view of the negative assessment by a team of legal experts that recently reviewed the new Turkish constitution. The experts have determined that certain constitutional provisions contravene statutes of the Council of Europe that Turkey is obliged to uphold. The team's findings will provide the basis of a report on Turkey which the Committee has to submit to the Assembly next month. []

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Comment: The meeting today is the Council's first deliberation on the status of democracy and human rights in Turkey since the constitutional referendum last month. It probably will set the tone for renewed debate in the Assembly next month on the question of continuing Turkish membership. Although most socialist and social democratic parliamentarians are likely to vote for expulsion, a majority in the Assembly for such a move is not assured.

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Ankara views the overwhelming domestic approval of its constitution as vindication despite any further West European criticism of the quality of democracy and human rights in Turkey. Intensified pressure in the Assembly to expel Turkey thus would be likely to prompt Ankara to withdraw even before a vote is held. []

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25X1

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OPEC: No Agreement on Quotas

OPEC Oil Ministers meeting in Vienna on Saturday agreed in principle not to lower the \$34 per barrel price in 1983 but made no headway on the key issue of setting new production quotas. Press reports indicate members sought quotas that totaled 23 million barrels per day--far in excess of OPEC's current production of 19.5 million and last March's quota of 17.5 million. Saudi Oil Minister Yamani rejected Iranian demands yesterday that Saudi Arabia accept a lower quota so others can be granted more, and said he favored a new production ceiling of 18 to 18.2 million barrels. Yamani said there is a 50-50 chance of reaching agreement when the meeting continues today. [REDACTED]

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Comment: A ceiling in the range cited by Yamani is fairly close to what OPEC can expect to sell between now and spring and may be accepted by other oil producers. Saudi acceptance of a new ceiling below its present quota of 7.5 million barrels per day and close to its current production level of 5 to 5.5 million could satisfy the desires of Iran and others for larger quotas. Such a concession probably would be interpreted as a new setback to Saudi efforts to control OPEC decisions, however, and Riyadh may be prepared to accept a deadlock unless the nations that have violated previous OPEC agreements reduce their quotas as well. [REDACTED]

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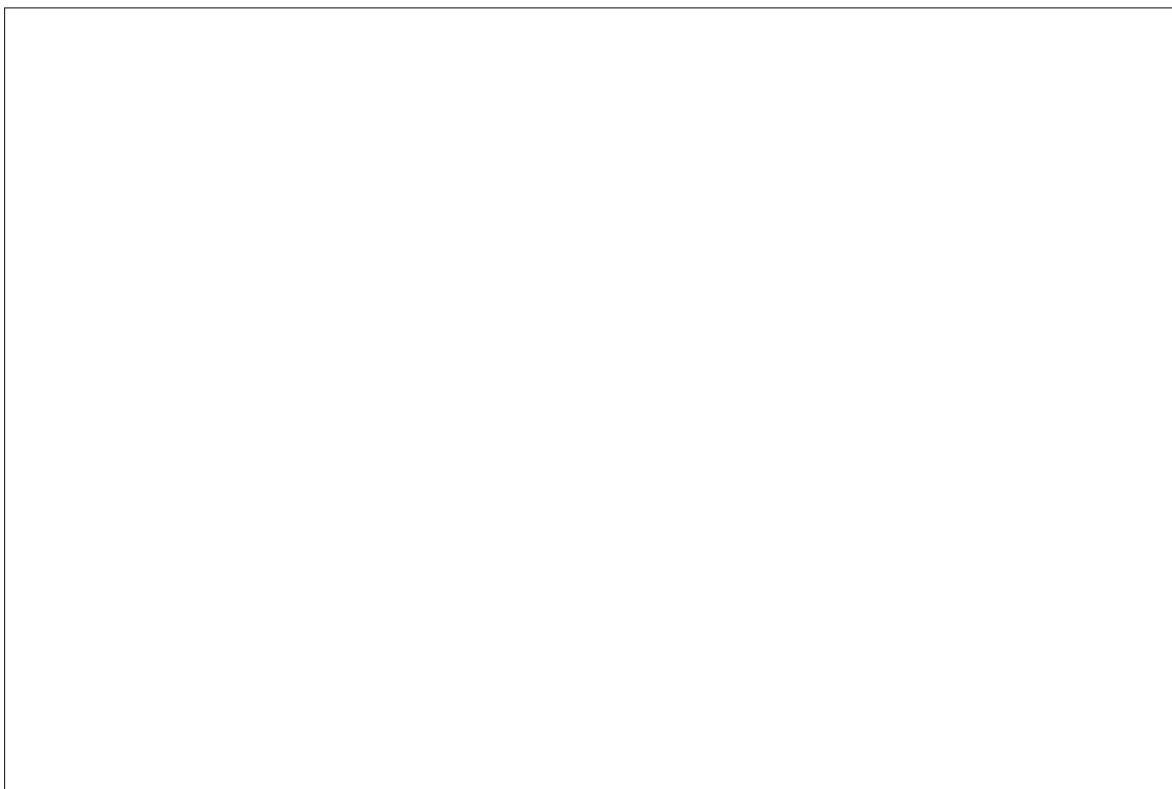
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POLAND: Food Supplies

The government has announced supplies of meat will be more plentiful during the holiday season. It also has pledged not to lower the meat ration next year, despite an anticipated 16-percent drop in livestock procurement. To fulfill this pledge, the regime will have to require consumers to purchase lower quality beef, to divert meat supplies from restaurants and factory canteens to retail outlets, and to export high-quality beef in exchange for larger amounts of chicken. The government concedes meat consumption in 1983 might fall at least another 4 percent to 56 kilograms per capita, as compared with 74 kilograms in 1980. [REDACTED]

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Comment: The increased supplies of meat are only temporary and stem largely from distress slaughtering of livestock as a result of feed shortages. The reduction next year of meat supplies to factory canteens, where workers eat their main daily meal, will add to consumer frustrations. If the regime is unable to barter for lower quality meat, shortages will be greater than planned, and meat rations could be further reduced. [REDACTED]

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Special Analysis

USSR: Andropov's Authority

Events since Yuriy Andropov's appointment as General Secretary suggest he has been given broad operational authority and a mandate to undertake major changes in personnel and possibly in policy. His power, however, is contingent on maintaining the support of the coalition that put him in office. At least for now, the Politburo can require collective approval of all key decisions. []

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Andropov has emerged as the chief spokesman in foreign policy, and a few officials have referred to him as "head of the Politburo"--a position Brezhnev won only after several years in office. These indicators of status suggest Andropov enjoys more support than Brezhnev did at the outset of his tenure. []

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New Faces

Although personnel changes since Brezhnev's death may have served a variety of political interests, Andropov probably approved them. The appointment of Azerbaydzhani party boss Aliyev to first deputy premier and full Politburo membership is likely to strengthen Andropov's hand in dealing with the government. Aliyev has been in the forefront of the campaign against corruption. []

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The appointment to the Secretariat of former planning official Ryzhkov also may make it easier for Andropov to enforce compliance with party directives. Ryzhkov, like Andropov, has emphasized the need for greater executive discipline. []

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Andropov probably approved of the recent dismissal of the Minister of Railways. The General Secretary earlier had criticized the Ministry's performance. []

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Changes late last week in the leadership of the KGB and the Ministry of Internal Affairs have given Andropov increased control over the entire security apparatus. Both Vitaliy Fedorchuk, now head of the MVD, and Viktor Chebrikov, who replaced him as KGB chief, have career ties to Andropov. []

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The promotion of Viktor Mishin to head the Komsomol also is likely to have been made at Andropov's behest. Mishin evidently has been responsible for screening entrants into the KGB Border Guards, and this work may have brought him to Andropov's attention when he was chief of the KGB. [redacted]

In addition, an East European journalist has told US Embassy officers in Moscow that Andropov was responsible for appointing Boris Stukhalin to head the Central Committee's Propaganda Department. Stukhalin is said to be an energetic and demanding official. There also are rumors Chernenko has relinquished his post as head of the General Department, which plays an important role as the Politburo's central staff. [redacted]

Sources of Strength

Andropov's leadership ability may be his primary political asset. Other Politburo members may regard him as the leader best qualified to deal with the problems that accumulated during Brezhnev's last years--an opinion expressed by a number of lower ranking Soviet officials. Concern that these problems have become acute may incline Andropov's peers to let him take the lead in many areas, especially in foreign policy. [redacted]

In his competition with Chernenko, Andropov reportedly had the backing of Foreign Minister Gromyko and Defense Minister Ustinov. They probably are confident Andropov's basic orientation on national security issues is sound. [redacted]

Andropov also seems to enjoy considerable respect within the broader elite. He is said to be regarded as a "clean" leader able to provide strong leadership at a time when many officials believe firm measures are needed to strengthen popular discipline and attack corruption in the party. Andropov appears ready to move ahead on these issues. [redacted]

Many younger officials whose careers were stalled by the slow rate of promotions under Brezhnev may have welcomed Andropov's victory over Chernenko, who has been

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closely associated with Brezhnev's personnel policies. Andropov's knowledge of derogatory information about his colleagues, which he acquired when he headed the KGB, is another political asset. [redacted]

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Limitations on Power

Andropov, however, is politically indebted to those leaders who supported him in his competition with Chernenko. The General Secretary's freedom of action is constrained by the need to pay close heed to the personal and institutional interests of his backers, especially Ustinov. [redacted]

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As a group, Andropov's colleagues on the Politburo have an interest in seeing that collective decisionmaking procedures are maintained. They may see Andropov's ties to the KGB as an implicit threat to the hegemony of party institutions. [redacted]

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The new policy of publicizing the holding of Politburo meetings may represent a collective effort to ensure that Andropov seeks Politburo approval for policy initiatives. On the Politburo only one man, Aliyev, has enjoyed Andropov's patronage. [redacted]

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Andropov's lack of experience in economic management may hamper his ability to make changes in this area. Several officials have recently indicated the leadership has yet to decide on a strategy for dealing with economic problems, although this reportedly is one of its first priorities. [redacted]

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It is not clear whether Andropov has succeeded in wresting control over appointments to middle-level party jobs from Chernenko. According to a recent report, a number of regional party officials looked to Chernenko for support against Andropov after Brezhnev's death but lacked time to organize effective opposition. [redacted]

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Andropov currently does not have a large clientele outside of the foreign policy, security, and ideology areas. His drive to build a political machine will be impeded by the degree of influence Chernenko can wield over personnel changes. [redacted]

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In the government, Andropov still has to deal with Premier Tikhonov and an unchanged group of deputy chairmen of the Council of Ministers. The Politburo's failure to name a replacement to Brezhnev as Chairman of the Presidium of the Supreme Soviet suggests Andropov was able to block the appointment of a leader he did not favor. It also indicates, however, that he lacked enough power to claim the job for himself or for one of his backers.

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Andropov thus appears likely to increase his power in the Politburo only gradually. He probably will do so through policy-based alliances and through the replacement of Tikhonov and other elderly members.

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This does not necessarily mean that substantial changes in policy and in personnel will not occur in the weeks and months ahead. Such changes occurred under both Khrushchev and Brezhnev as they moved to consolidate their holds on power. It does mean, however, that whatever major changes Andropov initiates will continue to depend on the approval of his peers in the Politburo.

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Special Analysis

CHINA-AFRICA: Premier Zhao's Tour

Premier Zhao Ziyang's month-long tour of Africa, which begins today, is the highest level visit by a Chinese official since Zhou Enlai's trip in 1965. The trip is a direct outgrowth of China's desire since 1980 to identify more closely with the Third World and to address domestic criticism that the leadership had become too closely identified with the US. Zhao will remind his hosts of common attitudes toward the status of the Palestinians, apartheid, and other international issues. He also will stress areas for expanded trade and economic cooperation, in part to mitigate African unhappiness over reduced Chinese aid. [redacted]

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The trip includes visits to Egypt, Algeria, Morocco, Guinea, Zaire, Congo, Zambia, Zimbabwe, Tanzania, and Kenya. Beijing has carefully tailored Zhao's travels to reassure such longtime friends as Egypt and Zaire of China's interest in continuing its special relationships. [redacted]

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Zhao, however, is avoiding controversial stops. He has omitted Libya despite Beijing's recent move to improve relations, and he has declined an invitation from Somalia, which has received Chinese arms assistance. [redacted]

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Economic Objectives

In addition to enhancing China's political capital in Africa, the tour also is aimed at increasing China's economic opportunities in the region. Last year China recorded a \$6.1 billion trade surplus with the developing world, compared to a deficit of more than \$2.8 billion with the West and Japan in 1981. In Africa, China enjoyed an estimated \$500 million surplus in its overall trade and expects to repeat that performance this year. [redacted]

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Although the Chinese want to maintain a surplus, they recognize they will need to deal with local concerns about the imbalance. At times they will make economic concessions similar to the ones they granted in Tanzania, where they recently increased their aid to maintain their political equities. [redacted]

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Zhao is likely to offer to conclude trade and economic cooperation agreements at most of his stops. The Chinese delegation will publicize these offers as Beijing's contribution to economic development and cooperation among Third World nations.

These agreements also are intended in part to compensate for the decline in China's foreign aid to Africa. African states received half of China's foreign aid in the 1950s and 1960s, but their priority and share have decreased since the mid-1970s.

//Beijing has been unhappy with the results of its earlier expensive aid projects, including the Tazara railway linking Tanzania and Zambia. This pessimistic assessment and China's own domestic economic needs will impose limits on any new aid proposals.//

Improving China's Image

China still regards Africa as an important Third World arena in its political competition with the USSR, but Beijing realizes that its leverage is limited. The Chinese also are aware that their past anti-Soviet approach caused Africans to link them with the US. As a result, Zhao will highlight China's differences with the US and the USSR on international and regional issues.

Beijing's recent criticism of the Rapid Deployment Force exemplifies its efforts to disassociate itself from controversial US initiatives. Zhao will play to local audiences by condemning US support for Israel and South Africa and will highlight Chinese support for the Palestinians and black African nationalists.

Zhao, however, will counsel against a relaxed view of Soviet influence. Beijing regards a peaceful solution to the Arab-Israeli and southern African disputes as benefiting both the West and China. Zhao will therefore reiterate support for the Arab League's peace plan and for a negotiated settlement in Namibia.

China's media, moreover, have suggested Beijing's more aggressive advocacy of Third World issues does not include unqualified backing for radical actions. This message is evident in China's recent support for the Israeli "people's" right to exist and for racial reconciliation in South Africa.

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